

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

Date: August 10, 2009

Contact Telephone Number:

LEGEND

UIL 4945.04-04

X = Organization
Z = Educational Institution
X = amount

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g) (1) of the Internal Revenue Code, dated April 6, 2009.

Our records indicate that X was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that X will operate a grant-making program. The purpose is to provide scholarships to qualifying students at Z. X expects to award 10 to 20 scholarships annually in the amount of x, made payable to Z. Scholarships would be used for tuition and are renewable.

Eligible applicants will be a students at Z. The scholarship information is available to students at Z. The scholarship information also will be publicized on X's website.

To apply, applicants will use the link on X's website to submit their application. The applicant will be required to express his or her desire to study quantitative analysis, including but not limited to the areas of mathematics, physics, computer science, engineering and operational research, by submitting an essay along with the application, which demonstrates that they excel or wish to excel in this area of study.

The selection criteria will include, but not be limited to: (a) prior academic performance, (b) performance on aptitude tests, (c) participation in non-profit organizations, (d) recommendations from instructors, (e) financial need, and (g) not be a disqualified person as defined in section 4946(a) of the Code.

Z will conduct initial screening of applicants based on financial need and X will conduct further screening based on the criteria mentioned above. Emphasis will be placed on students who demonstrate great financial need coupled with a strong desire to study in the area of quantitative analysis.

Scholarships will be awarded by the scholarship selection committee of X, composed of the president and chairman of the board of X. Once the board decides who will receive scholarships, the board will send a letter to the student advising the student that he or she has been awarded a scholarship.

X will pay scholarship funds directly to Z. In order to maintain and renew scholarships, the applicant must show that he or she is in good standing with Z and is pursuing course study in the area of quantitative analysis. If the student is no longer registered for courses or is no longer in good standing, the scholarship will be withdrawn from the current recipient and funds returned to X.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c) (1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards

granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d) (3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j) (3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements